GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4499
ANSWERED ON:22.04.2010
IRREGULARITIES IN CORPORATE SECTOR
Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo;Mahto Shri Baidyanath Prasad;Yadav Shri Dinesh Chandra;Yadav Shri Ranjan Prasad;Yaskhi Shri Madhu Goud

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether as a result of the early warning system set up by the Government, a number of alleged financial irregularities in the companies have come to light;

(b) if so, the total number of companies functioning in Government and semi-Government sectors and the total amount involved in the alleged financial irregularities;

(c) the names of such companies whose matters have been referred to courts till March 2010 for disposal; and

(d) the steps taken by the Government to check such irregularities in future?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) to (d): Ministry has devised an Early Warning System (EWS) based on 10 risk parameters to generate alerts regarding possibility of existence of unusual trends in the financial statements of the companies. This system, which is essentially a machine driven system, is applicable to all types of companies.

Identification of companies through the EWS is a continuous process. To start with, based on the identified risk parameters, certain companies have been identified. The concerned Registrars of Companies have been advised to carry out technical scrutiny of documents filed by these companies to check any irregularity. No such company's matter has been referred to courts so far.